



Task Force A Meeting Summary

Tuesday, September 13, 2005

Participants: Mitch Irwin (Chair) – MI Department of Agriculture, Bob Craig – MI Department of Agriculture, Michael DiRamio – Food System Economic Partnership, Jim Herbert – Neogen Corporation, Bill Knudson – MSU Product Center for Agriculture and Natural Resources, Art Loeffler – Star of the West, JoAnn Merrick – MI Department of Environmental Quality, Ron Moffett – Michigan Economic Development Corporation, Terry Morrison – Michigan Food Processors Association, and Todd Regis - United Food and Commercial Workers, 951.

Public: Susan Cocciarelli and David Connor from Michigan State University's Mott Group for Sustainable Agriculture.

The second Task Force A: Expanding Food-Related Businesses and Jobs convened Tuesday, September 13, 2005 from 2:30pm – 4:15pm at Constitution Hall in Lansing. Council Chairperson, Mitch Irwin, chaired the meeting. Mr. Irwin called the meeting to order at 2:30pm and welcomed the Task Force Participants and public to the meeting. Those present introduced themselves.

Mr. Irwin explained the purpose of the Task Forces and the Council in general to make policy and program recommendations to the Governor that improve the state's food system. Task Force A is responsible for developing, discussing and approving recommendations relating to food-related businesses and jobs for the Council's review. At each meeting there will be standing proposed recommendations to discuss and potentially approve as well as address new recommendations proposed by participants, other Council Members, presenters, or staff. Discussing and approving recommendations at each meeting will ensure that timely recommendations are reported to the Governor throughout the process.

Bill Knudsen gave a brief overview of the draft dairy paper summaries identifying growth market opportunities prepared by MSU's Agriculture and Natural Resource Product Center. Mr. Irwin requested that during the next meeting in November Bill (and others from the Product Center) give a presentation on the market reports from the several sectors that will be complete at that time.

Ron Moffett then presented about the economic development tools the Michigan Economic Development Corporation (MEDC) has specifically for agriculture and generally for all businesses. Of particular importance are Agriculture Processing Renaissance Zones (APRZs), which are authorized under Michigan's Renaissance Zone Act and benefit processing companies by establishing a virtually tax-free zone for up to 15 years. The current number of APRZs authorized by the Legislature are committed if plans in development meet final approval. The MEDC works closely with

MDA in developing APRZ plans and APRZs are typically reserved for the biggest investors and job developers, which have included several ethanol-processing plants in the state.

Mr. Moffett also discussed other MEDC economic development tools: MEGA tax credit, Michigan Community Development Block Grant, Industrial Development Revenue Bond, Personal Property Tax Relief in Distressed Communities, and the Economic Development Job Training Program. However, these are often not offered to or used by agriculture or food-related businesses. Some participants made the argument that the high job creation threshold often works against agricultural businesses since they tend to be more capital intensive than labor intensive. It was recommended that MEDC re-evaluate some of their criteria to reflect the benefits of supporting agriculture and food businesses: providing a market for farmers in the state and supporting rural communities and investment.

Additionally, many participants emphasized that it is important to focus on the small and medium businesses and farmers since many current programs only benefit the biggest players in the industry. It was agreed that this is an important part of the charge for the Task Force, and in turn the Council, to address. Along those lines the group discussed having USDA reps at the next Task Force meeting to talk about any economic development tools they have available and to come up with new ways to pool/match available funds for small to medium businesses (i.e. kitchen incubators).

The following were discussed to be developed into recommendations:

- Development of an agriculture advisory group (including key players of MDA, MSU and others) to MEDC's board in order to expand economic development support for agriculture in the state.
- Review job growth and other criteria for existing economic development tools that might bias against agriculture businesses of all sizes.
- Develop new economic development tools for agriculture and food businesses that particularly target small to medium sized businesses (i.e. community loans, "innovation" consultants, etc.).
- Develop recommendations that utilize some of the state's \$1 billion of securitized tobacco settlement funds for agriculture and food economic development programs.

Mr. Irwin closed the meeting by giving a specific assignment to all Task Force A participants: develop at least three recommendations relating to the economic development issues discussed in the meeting and to give them to staff to be discussed at the next meeting. It was stressed that the job of the Task Force is to develop, discuss and approve recommendations for the full Council's review and that recommendations needed to be moved on as soon as possible in order to ensure timely issues were put before the Governor.

The next Task Force A meeting is scheduled for **Tuesday, November 1, 2005**, 10:00am – 12noon, Constitution Hall, Lansing.